



.....

U.S. DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
(Docket 3-2012)

Foreign-Trade Zone 18 — San Jose, California
Application for Subzone
Tesla Motors, Inc.
(Electric Passenger Vehicles)
Palo Alto and Fremont, California

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the City of San Jose, California, grantee of FTZ 18, requesting special purpose subzone status for the electric passenger-vehicle manufacturing facilities of Tesla Motors, Inc. (Tesla), located in Palo Alto and Fremont, California. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the regulations of the Board (15 CFR part 400). It was formally filed on January 10, 2012.

The Tesla facilities (currently employing over 1,000 workers) consist of two sites: *Site 1* (25.2 acres) – corporate headquarters, research and development, and manufacturing plant, located at 3500 Deer Creek Road, Palo Alto, California; and, *Site 2* (210 acres) – manufacturing plant, located at 45550 Fremont Boulevard, Fremont, California. The facilities are used to manufacture electric passenger vehicles and related components, including battery packs, powertrain systems, and electronic modules (up to 200,000 units of each per year) for commercial sale. Components and materials sourced from abroad (representing 16 to 55% of the value of the finished products) include: oils, greases, fluids, refrigerants, adhesives, sealants, anti-freeze/coolants, alcohols, plastic tubes/ pipes/hoses/fittings, foam tape/sheets/film, decals/ballotini, labels, knobs, handles, motors, pump parts, mechanical seals, plastic o-rings/clips, rubber o-rings/seals/grommets/washers/bushings and hoses, windshield wiper blades, floor mats, mirrors, glass, windshields and related trim pieces, shafts, flanges, base metal

mountings, locks, motor and shaft couplings, pumps, compressors, body moldings and trim, latches, HVAC components, blower motors, valves, fasteners, electric motors, lithium-ion batteries, electrical assemblies, lamps and lighting equipment, electronic components, antennas, sensors, control modules, cables, switches, wiring harnesses, audio/video systems, loudspeakers, body panels, suspension components, shock absorbers, anti-roll bars, subframes assemblies, steering gear, carpet sets, interior trim, consoles, instruments, brake systems and parts, electric powertrain components, road wheels, tires, couplings, shafts, seats, coatings, paints, and pedals (duty rates range from free to 8.5%, 1.3¢/kg+5.7%).

FTZ procedures could exempt Tesla from customs duty payments on the foreign components used in export production. The company anticipates that 40 to 65 percent of the facilities' shipments will be exported. On its domestic sales, Tesla would be able to choose the duty rates during customs entry procedures that apply to finished electric passenger vehicles, battery packs, powertrain components, and electronic modules (free – 3.4%) for the foreign inputs noted above. FTZ designation would further allow Tesla to realize logistical benefits through the use of weekly customs entry procedures. Customs duties also could possibly be deferred or reduced on foreign status production equipment. Tesla would also be exempt from duty payments on foreign inputs that become scrap during the production process. The request indicates that the savings from FTZ procedures would help improve the facilities' international competitiveness.

In accordance with the Board's regulations, Pierre Duy of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings and recommendations to the Board.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the address below. The closing period

for their receipt is *[insert 60 days from date of publication]*. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to April 2, 2012.

A copy of the application will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 2111, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the “Reading Room” section of the Board’s website, which is accessible via www.trade.gov/ftz.

For further information, contact Pierre Duy at Pierre.Duy@trade.gov or (202) 482-1378.

Dated: January 10, 2012

Andrew McGilvray
Executive Secretary

[FR Doc. 2012-728 Filed 01/13/2012 at 8:45 am; Publication Date: 01/17/2012]